

I. Introduction and Overview

A. Purpose

The Department of General Services, Telecommunications Division (DGS/TD) is planning to establish a new telecommunications model for the State of California. It is the state's intent, through the competitive acquisition of management, operations, and service delivery, to replace the current environment of independent, heterogeneous, state-owned, telecommunications networks with an integrated, flexible, and efficient statewide multifunction service relying to the greatest extent feasible on contractor-owned and contractor-operated infrastructure.

The Government of California is one of the largest telecommunications customers in the world. The state possesses a vast and sophisticated telecommunications infrastructure made up of multiple agency networks. The infrastructure reflects the complexity of the Government itself and the diverse missions of its agencies.

An estimate of the annual value of telecommunications services is \$98 million. Of the total state expenditure for telecommunications, the Department of General Services, Telecommunications Division (DGS/TD) has direct management control over approximately \$68 million a year of telecommunications services. Short term actions currently under way may increase this by several million. Included are long distance service, toll free service, calling card service, consolidated local services such as Centrex and ContraNet, voice mail, frame relay services, ATM services and building wiring. This comprehensive suite of services known as CALNET, is provided through a combination of state owned equipment and private sector contracts. DGS/TD offers this suite of services to California state, county, local, and non-profit tax-supported agencies. The additional estimated 30 million a year provided outside of direct DGS/TD management involvement includes:

- \$20 million estimated per year for local telephone lines outside of the consolidated services. This would be the local business lines used by state agencies that are not served by a consolidated Centrex or ContraNet.
- \$3 million estimated per year for building wiring adds, moves and changes.
- \$6 million estimated per year for private line services billed to Data Centers.
- \$1 million estimated per year for operator assisted conference calling.

It is DGS/TD's intention to leverage the state's buying power as a single customer for all of the services identified above and realize efficiencies of common management and resource sharing. The contract will be for a term of seven (7) years with the ability to extend on an annual basis for three (3) years for a total of ten (10) years.

DGS/TD is embarking on an "alternative procurement process" to establish this new telecommunications model which must be designed to address the present

and future needs of state agencies. The model must provide for modernization of the contractor's infrastructure for rapid deployment of new technologies to meet the state's ever-increasing telecommunications demands throughout the term of the contract. This model will become the vehicle for the efficient consolidation of networks on a statewide basis and provide the services necessary to share information among state agencies and with the citizens of California. In pursuing this new model the state intends to divest its existing debt associated with the state-owned telecommunications infrastructure in a manner which reduces overall costs to the state while ensuring improved delivery of service.

This alternative procurement process will allow DGS/TD to form business partnerships with firms who possess the expertise to assist in developing the new telecommunications model. For this project, DGS/TD will define its needs at a high level, except for some specific required operating objectives, and allow Business Partners latitude in proposing solutions to meet those needs.

Partnership, for the purpose of this solicitation, shall be defined as a close working relationship dedicated to well defined, mutual objectives. The term is not intended to infer a legal partnership.

B. Business Problem

Telecommunications is a rapidly changing environment. The cornerstone to a competitive and efficient government is the effective use of information technology. Competition is driving new, innovative, and less costly services to the marketplace at a rapid pace.

In 1991 the state purchased core telecommunications equipment that when interconnected through leased transmission facilities and contractor provided services formed a telecommunications network that was state of the art. The intent was that this network would be the foundation for government telecommunications through the rest of the century. This intent is being met today, however, the state now believes that it's best interests may be served by allowing the private sector to assume the responsibility for providing statewide telecommunications services and relieve the state of the necessity of continued capital investments in its infrastructure to maintain technology currency.

The state made a substantial financial commitment for ten years to purchase this network. The network is being purchased through installment purchases which still have outstanding balances. The state is also faced with moving two major telecommunications facilities, one in San Francisco and one in Los Angeles. These moves became necessary as the state buildings that house the switching equipment are proposed to be sold and demolished. The San Francisco facility must be moved by October 31, 1998, and the Los Angeles Facility must be moved by December 31, 1999. The state has not budgeted any capital funding for moving these facilities. In establishing the network, the state also has a long term commitment for contracted services through Pacific Bell for dual fiber optic entrance facilities to four major locations. This contract has early termination penalties for cancellation prior to contract term. As part of its ongoing

operations, the state is in the process of installing a remote switching module in a new state building in Oakland. This equipment installation is also being financed. See Section IV for detailed information regarding the above mentioned liabilities.

The business problem to be resolved in this procurement is very complex. First, it is to obtain telecommunications services through a private sector owned and operated telecommunications infrastructure that is designed to meet the state's current needs. Second, it is to provide for modernization to rapidly deploy new technology to meet the state's future needs. Third, is to allow the state to divest its current network associated assets and relieve the state of its financial liabilities of the current system's existing long term financial obligations. Fourth, is the removal or relocation of the existing equipment. Last is to allow the state to leverage the total buying power of the state to reduce overall costs and ensure improved delivery of services.

C. Department Official

The Department Official to answer administrative questions and mailing address to which proposals, written questions and unresolved issues should be sent is:

Janis Briggs
Procurement Official
Department of General Services
Telecommunications Division
601 Sequoia Pacific Boulevard
Sacramento, CA 95814

Phone: (916) 657-9875
Fax: (916) 657-9129
e-mail: jbriggs@telecom.dgs.ca.gov

Any fax communications should be preceded by a telephone call.

D. Department Contact

The Department Contacts for visits, technical questions, or other information is:

Donald C. Boom
Department of General Services
Telecommunications Division
601 Sequoia Pacific Boulevard
Sacramento, CA 95814

Phone: (916) 657-9372
Fax: (916) 657-9129
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Any fax communications should be preceded by a telephone call.

E. Key Action Dates

Listed below are the important actions and the dates for these actions. If the state finds it necessary to change any of these dates, it will notify all Business Partners in writing.

ACTION	DATE
1. Issue SCP	10/6/97
2. Receive Notification of Business Partner Contact and signed Confidentiality Statement (See Exhibit V-A)	10/8
3. Partnership Conference Held	10/8
4. Tour of Sacramento Facilities	10/8-10/9
5. Draft Conceptual Proposals Due (Including proposed contract language)	11/17
6. Conduct Draft Proposal Discussions and Contract Negotiations	12/8 - 2/13/98
7. Second Draft Submittal (Including proposed contract language)	2/17
8. Second Draft Discussion and contract negotiations	2/18 - 4/30
9. Final Conceptual Proposals Due	5/1 (5:00 PM)
10. Evaluation of Final Proposals	5/2 - 5/22
11. Cost Opening	5/26 (9:00 AM)
12. Demonstrate Billing System	6/22
13. Prepare Feasibility Study Report and Receive State Agency Approval	6/15 - 6/29
14. Announce Intent to Award	6/29
15. Last Day to Protest Award	7/6
16. Award Contract	7/10